



STANDING ADVISORY COMMITTEE

MINUTES

February 14, 2023

The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Chair McGuire called the meeting to order at 3:01 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Fred Arndt, Jordan Hastings, Colin Hayes, John Krmptotic, Neil McGuire, Ken McNeil, Chris Melton, Alex Talmant and Jerry Wager.

Alternates Present: *Ken Becker, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Kristine Brown-Caliger, Robert Chambers, Karl Katt, Jonnie Pullman, Kevin Ryan, and Ann Silver.

**Member Becker arrived at 3:08 p.m.*

Staff Present: Matt Bowman, John Enloe, Sophie Cardinal, Robert Charpentier, Sonia Folsom, Andy Gebhardt, Bill Hauck, Shawn Stoddard, John Zimmerman, and Legal Counsel Lucas Foletta (McDonald Carano).

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion duly made by Member Melton, and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. ELECTION OF CHAIR AND VICE CHAIR FOR 2023

Lucas Foletta, TMWA General Counsel, stated the Committee rules stipulate the Chair and Vice Chair both serve one-year terms. The default rule is the Vice Chair moves into the Chair position automatically unless the Committee decides to take alternative action to appoint a Chair and Vice Chair. Mr. Foletta added that Chair McGuire requested to find out if the current vice chair had an interest in being chair.

Vice Chair Hastings commented that he would be happy to serve the Committee in whatever capacity they decide.

Member McNeil noted that the Governing Rules, as written, state that the positions be rotated and would like to see that occur to give all members the opportunity to serve as chair or vice chair.

Member Hayes said he was in favor in keeping the current Chair and Vice Chair the same for 2023 and nominated Chair McGuire to continue as Chair. Chair McGuire has shown to be an effective chair and run the meetings effectively and efficiently.

Upon motion duly made by Member Hayes and seconded by Member Melton, and carried eight to one with Member McNeil dissenting, the Committee approved Neil McGuire to be Chair for calendar year 2023.

Upon motion duly made by Member Hayes and seconded by Member Arndt, and carried eight to one with Member McNeil dissenting, the Committee approved Jordan Hastings to be Vice Chair for calendar year 2023.

5. APPROVAL OF THE MINUTES OF THE OCTOBER 4, 2022 MEETING

Upon motion duly made by Member Wager and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the amended October 4, 2022 meeting minutes.

6. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, presented an update on the water supply in the region: snowpack level is 180% of normal in both Tahoe and Truckee basins; elevation of Lake Tahoe has increased 1.75 feet since December 1, 2022 and is projected to rise at least another two feet by July; anticipate all lakes and reservoirs to fill with the exception of Stampede Reservoir (about 90%) and Lake Tahoe (about two-thirds); normal river flows are projected for the remainder of 2023 and into 2024; and TMWA's upstream reserve reservoir storage is about 58,000-acre feet.

Member Wager inquired about the timeline for the Bureau of Reclamation and Army Corps of Engineers study related to Forecast Informed Reservoir Operations (FIRO). Mr. Hauck replied they will submit the report for review in September by the Army Corps of Engineers.

7. PRESENTATION ON THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2022

Sophie Cardinal, TMWA Financial Controller, presented the ACFR and noted that the audit resulted in an unqualified audit opinion. The audit also resulted in a significant deficiency (which is a minor finding) related to a change in the presentation of cash and cash equivalents in the Statement of Cash Flows.

Chair McGuire inquired if this finding changed anything in years past. Matt Bowman, TMWA Chief Financial Officer, replied no, it is related to GASB 9 which has been in effect since the 1980's, and TMWA has always classified TMWA's investments as cash equivalents, but since they are subject to interest rate risk, according to GASB 9, they do not meet the definition of cash equivalents.

Member Becker stated that as an accountant and CPA for over 30 years this finding is incredibly minor.

Member McNeil inquired about the very low meter charges as compared to Washoe County and other water utilities, why hasn't TMWA adjusted the rate structure, and what are the formulas used. Mr. Bowman replied TMWA has not adjusted the rate structure in a long time, but has increased rates across the board, but TMWA did not restructure the rate structure for Washoe County after the merger, but adopted their rates. Mr. Bowman added they are beginning the process of evaluating rates and rate structures and TMWA does have formulas it uses, and they can share with Member McNeil.

Shawn Stoddard, TMWA Resource Economist, clarified the customer service charge is geared towards the devices only and built into the tier once water usage and the customer charge is centered around the physical hardware. The Board decided at the beginning of TMWA to capture some of the costs on the commodity side and to keep costs affordable on the metering side, some costs were captured in Tier 1 and others in Tier 2.

8. PRESENTATION OF TMWA'S 2022 POPULAR ANNUAL FINANCIAL REPORT (PAFR)

Mr. Bowman presented the report.

Robert Charpentier, TMWA Communications Specialist, confirmed they have a 48% open rate (very high), which is about 60,000 people.

Members of Committee commended staff on a very well written, readable, and useful presentation of TMWA's financials.

9. CONSIDERATION AND POSSIBLE RECOMMENDATION TO THE TMWA BOARD OF DIRECTORS FOR THE FIRST BUDGET AUGMENTATION AND BUDGET REVISIONS FOR FY 2023

Mr. Bowman presented the first budget augmentation for FY 2023 to the Committee. He noted electric power and water treatment chemical costs increased significantly since the FY23 budget was approved last May. Staff is proposing a \$4.9m increase to these items for FY 2023 and there are no other adjustments proposed for the budget.

No action taken.

10. PRESENTATION OF FISCAL YEAR 2023 Q2 YEAR-TO-DATE FINANCIAL RESULTS

Mr. Bowman presented the staff report.

Member McNeil asked if there were three classifications for capital projects. Mr. Bowman replied yes: customer rates, developer contributions and grants.

11. DISCUSSION AND POSSIBLE REQUESTS FOR AGENDA ITEMS FOR FUTURE MEETINGS

Upon motion duly made by Member Hayes and seconded by Member Krmptic, and carried by unanimous consent of the members present, the Committee approved the following agenda items for future meetings.

Next meeting:

1. Water Supply Update
2. Presentation of FY2024 Tentative Budget and Draft 2024 – 2027 CIP
3. 2023 Legislative Subcommittee Update

12. STAFF ITEMS

Sonia Folsom, TMWA Executive Assistant, informed the Committee that TMWA's Smart About Water Day is scheduled for Saturday, May 6th at the California Building in Idlewild Park.

13. COMMITTEE ITEMS

There were no committee items.

14. PUBLIC COMMENT

There was no public comment.

15. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:20 p.m.

Approved by the Standing Advisory Committee in session on April 4, 2023.

Sonia Folsom, Recording Clerk

**Member Becker was present for agenda items 4 thru 16 only.*